

# Housing Authority of the Town of Cottonport Cottonport, Louisiana

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## General Purpose Financial Statements and Independent Auditors Reports As of and for the Year Ending June 30, 2000 With Supplemental Information Schedules

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 01/17/01

*WILLIAM DANIEL McCASKILL, CPA  
A PROFESSIONAL ACCOUNTING CORPORATION*

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**INDEPENDENT AUDITOR'S REPORT  
UNQUALIFIED OPINION ON GENERAL PURPOSE FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Board of Commissioners  
Housing Authority of the Town of Cottonport  
Cottonport, Louisiana

I have audited the accompanying general purpose financial statements of the Housing Authority of the Town of Cottonport (PHA) as of and for the year ended June 30, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the PHA's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and provisions of the Louisiana Governmental Audit Guide. Those standards required that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

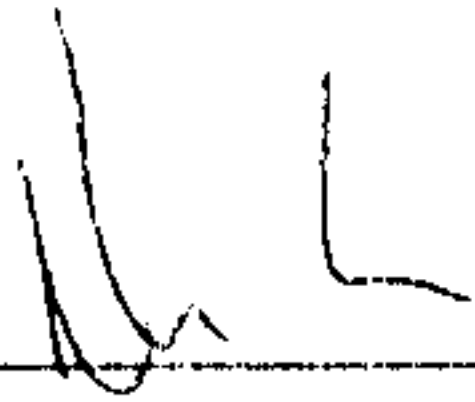
In my opinion, the general purpose financial statements referred to above present fairly in all material respects, the financial position of the Housing Authority of the Town of Cottonport as of June 30, 2000, and the results of its operations and the cash flows of its propriety fund types for the year ended in conformity with generally accepted accounting principles.

As described in Note A to the financial statements, the PHA has changed from the governmental funds method of accounting to the GAAP enterprise funds method of accounting for the year ended June 30, 2000.

In accordance with Government Auditing Standards, I have also issued a report dated August 31, 2000 on my consideration of the PHA's internal control over financial reporting and my tests of its compliance with certain laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the PHA taken as a whole. The combining and individual fund financial statements and schedules, as well as the accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non Profit organizations, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements and any other included supplementary information taken as a whole.

This report is intended solely for the information and use of the Board of Commissioners of the PHA, and for filing with the Department of HUD and should not be used for any other purpose.



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William Daniel McCaskill, CPA  
A Professional Accounting Corporation

August 31, 2000

**The Housing Authority of the Town of Cottonport  
Cottonport, Louisiana  
Combined Balance Sheet - All Funds  
As of June 30, 2000**

EXHIBIT A  
Page 1 of 1

Assets

Current Assets:

Cash and Cash Equivalents	\$ 130,871
Total Accounts Receivable, Net of Allowance for Doubtful Accounts	660
Investments - Unrestricted	-
Prepaid Expenses and Other Assets	7,398
Inventories	15,299
Total Current Assets	<u>\$ 154,228</u>

Noncurrent Assets:

Total Fixed Assets, Net of Accumulated Depreciation	\$ 1,349,945
Total Noncurrent Assets	<u>\$ 1,349,945</u>

Total Assets	<u><u>\$ 1,504,173</u></u>
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Liabilities and Equity

Current Liabilities:

Accounts Payable < 90 Days	\$ -
Accrued Wage/Payroll Taxes Payable	-
Accrued Compensated Absences	2,065
Accounts Payable - HUD PHA Programs	-
Accounts Payable - Other Government	5,752
Tenant Security Deposits	4,840
Other Current Liabilities	411
Total Current Liabilities	<u>\$ 13,068</u>

Total Noncurrent Liabilities	-
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Total Liabilities	\$ 13,068
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Total Fund Equity	<u>\$ 1,491,105</u>
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Total Liabilities and Equity	<u><u>\$ 1,504,173</u></u>
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See notes to financial statements



**The Housing Authority of the Town of Cottonport**  
**Cottonport, Louisiana**  
**Combined Statement of Revenue, Expenses, and Change in Equity - All Funds**  
**For Fiscal Year Ending June 30, 2000**

**EXHIBIT B**  
**Page 1 of 1**

<b>Revenues:</b>	
Net Tenant Rental Revenue	\$ 59,864
HUD PHA Grants	174,240
Investment Income - Unrestricted	1,982
Other Revenue	147,554
Total Revenues	<u>\$ 383,640</u>
<b>Operating Expenses:</b>	
Administrative	\$ 67,514
Tenant Services	-
Utilities	2,347
Ordinary Maintenance & Operations	56,376
Extraordinary Maintenance	250
Casualty Losses - Non-capitalized	-
Insurance Premiums	13,240
Other General Expenses	32,693
Total Operating Expenses Before Depreciation	<u>\$ 172,420</u>
Excess Revenue Over Expenses Before Depreciation	\$ 211,220
Depreciation Expense	162,857
Net Operating Income (Loss) After Depreciation	<u>\$ 48,363</u>
Beginning Equity @ 3/31/99	\$ 1,037,643
Net Operating Income (Loss) After Depreciation	48,363
Prior Period Adjustments	-
Capital Outlays	405,099
Ending Equity @ 3/31/00	<u>\$ 1,491,105</u>

See notes to financial statements

**The Housing Authority of the Town of Cottonport  
Cottonport, Louisiana  
Combined Statement of Cash Flows - All Funds  
For Fiscal Year Ending June 30, 2000**

**EXHIBIT C  
Page 1 of 2**

<b>Cash flows from operating activities:</b>	
Cash received from tenants	\$ 59,884
Cash received from other income	46,108
Cash paid for goods and services	(93,037)
Cash paid to employees	(57,884)
	<hr/>
Net cash provided by operating activities	\$ (44,891)
<b>Cash flows from noncapital financing activities:</b>	
Operating grants and subsidies - soft costs	\$ 122,888
Cash paid for goods and services	(21,499)
Net cash - soft costs	\$ 101,389
	<hr/>
Operating subsidy	\$ 51,352
	<hr/>
Net cash provided from noncapital financing activities	\$ 152,741
<b>Cash flows from capital and related financing activities:</b>	
Proceeds from grants	\$ 405,099
Acquisition of capital assets	(405,099)
Proceeds from issuance of notes	-
	<hr/>
Net cash used for capital and related financing activities	\$ -
<b>Cash flows from investing activities:</b>	
Interest on Investments	\$ 1,982
	<hr/>
Total cash from investing activities	\$ 1,982
	<hr/>
Total Cash Provided (Page 1)	\$ 109,832

See notes to financial statements

**The Housing Authority of the Town of Cottonport  
Cottonport, Louisiana  
Combined Statement of Cash Flows - All Funds  
As of June 30, 2000**

EXHIBIT C

Page 2 of 2

Reconciliation of operating income to net cash provided by operating activities:

Adjustments to reconcile operating income to net cash	\$ (53,057)
 Total net adjustments -non cash	 \$ (53,057)
Adjustments to reconcile operating income to net cash:	
(Increase) Decrease in tenant rents receivable	\$ (68)
(Increase) Decrease due from U.S. Department of HUD	
(Increase) Decrease due in supplies inventory	1,094
(Increase) Decrease in prepaid expenses	(374)
(Increase) Decrease in undistributed debits	
(Increase) Decrease in accounts receivable misc	
Increase (Decrease) in accounts payable other governments	885
Increase (Decrease) in accounts payable and accrued liabilities	
Increase (Decrease) in accounts payable HUD	
Increase (Decrease) in accrued vacation pay	2,084
Increase (Decrease) in accounts payable misc	(1,375)
Increase (Decrease) in tenant security deposits	550
 Total adjustments to reconcile operating income to net cash	 \$ 2,776
 Net change (decrease) in cash and cash equivalents	 \$ 59,551
Cash and cash equivalents at beginning of year	71,320
Cash and cash equivalents at end of year (exhibit A)	\$ 130,871

See notes to financial statements



**The Housing Authority of the Town of Cottonport**  
**Cottonport, Louisiana**  
**Combined Statement of Revenues & Expenditures - Budget vs. Actual**  
**General Fund**  
**For Fiscal Year Ending June 30, 2000**

**EXHIBIT D**  
**Page 1 of 1**

	Low Rent		Variance
	Budget	Actual	Actual vs Budget
	(HUD 52599)	(Sch 3, Col B)	Over (Under)
<b>Revenues</b>			
Local Sources:			
Total Tenant Rental Revenue	\$ 60,060	\$ 59,864	\$ (196)
Investment Income - Unrestricted	1,990	1,982	(8)
Receipts from Sale of Equipment		-	-
Other Revenue	147,560	147,554	(6)
Federal Sources:			
Operating Subsidy / HUD PHA Grants	51,352	51,352	-
Annual Contributions		-	-
<b>Total Revenues</b>	<b>\$ 260,962</b>	<b>\$ 260,752</b>	<b>\$ (210)</b>
<b>Expenditures</b>			
Administrative	\$ 43,360	\$ 41,242	\$ (2,118)
Tenant Services		-	-
Utilities	2,360	2,347	(13)
Ordinary Maintenance & Operations	63,940	50,995	(12,945)
Employee Benefit Contributions	10,200	10,154	(46)
Other General Expenses	19,290	45,933	26,643
Nonroutine Maintenance	250	250	-
Casualty Losses - Non-capitalized		-	-
Capital Expenditures	26,460	-	(26,460)
<b>Total Expenditures</b>	<b>\$ 165,860</b>	<b>\$ 150,921</b>	<b>\$ (14,939)</b>
<b>Excess Revenues (Deficiency) Over Expenses</b>	<b>\$ 95,102</b>	<b>\$ 109,831</b>	<b>\$ 14,729</b>

See notes to financial statements

**The Housing Authority of the Town of Cottonport  
Cottonport, Louisiana  
Statement of Certification of Actual Modernization Costs  
For the Fiscal Year Ending March 31, 2000**

EXHIBIT E  
Page 1 of 1

Modernization Project Number LA-48-P071-906-98:

Original Funds Approved	\$ 514,320
Less Funds Expended (Actual Modernization Cost)	<u>514,320</u>
Excess Funds Approved	<u>\$ -</u>
 Funds Disbursed	 \$ 514,320
Less Funds Expended (Actual Modernization Cost)	<u>514,320</u>
Excess Funds Disbursed	<u>\$ -</u>

The distribution of costs by project as shown on HUD Final Performance and Evaluation Report dated 4/26/00 accompanying the Actual Modernization Cost Certificates, submitted to HUD for approval are in agreement with the PHA's records.

All modernization costs have been paid and all related liabilities have been discharged through payments.

See notes to financial statements

**Housing Authority of the Town of Cottonport  
Cottonport, Louisiana**

*NOTES TO THE FINANCIAL STATEMENTS*

Housing Authorities are chartered as a public corporation under the laws of the State of Louisiana for the purpose of providing safe and sanitary dwelling accommodations for the residents of Cottonport, Louisiana. This creation was contingent upon the local governing body of the city, county, or parish as applicable. A five member Board of Commissioners governs the PHA. The members, appointed by the Mayor of Cottonport, Louisiana, serve a four year staggered term.

Under the United States Housing Act of 1937, as amended, the US Department of HUD has direct responsibility for administering low rent housing programs in the United States. Accordingly, HUD has entered into an annual contributions contract with the PHA for the purpose of assisting the PHA in financing the acquisition, construction and leasing of housing units and to make annual contributions (subsidies) to the PHA for the purpose of maintaining this low rent character.

*NOTE A - FINANCIAL REPORTING:*

(1) Financial Reporting Entity

Generally accepted accounting principles require that the financial statements present the accounts and operations of the PHA and its component units, entities for which the PHA is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the PHA's operations and data from these units, if any are combined with data of the PHA. Each discretely presented component, if any, would be reported in a separate column in the combined financial statements to emphasize that it is legally separate from the PHA. As of June 30, 2000, and for the fiscal then ended, the PHA had no discretely presented component units or any component units that are required to be blended in these financial statements.

(2) Change in Accounting Principle

For the year ended June 30, 2000, the PHA has changed from the GAAP governmental funds method of accounting to the enterprise method of accounting.

The enterprise method accounts for operations in a manner similar to a private business. Under this method, all assets, including fixed assets, and all liabilities are in one fund, and one financial statement.

The enterprise method recognizes revenues and expenses on the full accrual basis. Revenues are recognized when earned and become measurable. Expenses are recognized in the period incurred, if measurable. The prior method of accounting, governmental funds, utilized the modified accrual method.

## **Housing Authority of the Town of Cottonport Cottonport, Louisiana**

Depreciation expense must be recognized for the enterprise method of accounting. Under the HUD regulatory method of accounting, depreciation was not recognized.

### **(3) Budgetary Data**

The PHA is required by its HUD Annual Contributions Contract to adopt annual budgets for the Low Rent Housing Program and the Section 8 Programs. Annual budgets are not required for CIAP grants as their budgets are approved for the length of the project. Both annual and project length budgets require grantor approval.

### **(4) Cash and Cash Equivalents**

The entity defines cash and cash equivalents to include certificates of deposit, money market funds, savings accounts, and demand deposits.

### **(5) Tenant Receivables**

Receivables for rental and service charges are reported in the General Fund, net of allowances for doubtful accounts.

### **(6) Compensated Absences**

Authority employees accrue personal leave, or compensated absences, by a prescribed formula based on length of service.

### ***NOTE B - CASH DEPOSITS WITH FINANCIAL INSTITUTIONS:***

The PHA did not comply with the requirement of having amounts in excess of \$100,000 secured by pledged securities. Please see Finding 2000-1 for details.

The entity's deposits are categorized to give an indication of the level of risk assumed by the entity at June 30, 2000. The categories are described as follows:

Category 1: Insured or collateralized with securities held by the entity or by its agent in the entity's name.

Category 2: Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

Category 3: Uncollateralized, uninsured and unregistered, but with securities held by the bank, its agent, pledged to the PHA, but not in the PHA's name.

Cash Deposits, categorized by level of risk, (at cost, which approximates market) are:

Total Bank Balances	Category 1	Unsecured
\$ 132,284	\$ 100,000	\$ 32,284



**Housing Authority of the Town of Cottonport  
Cottonport, Louisiana**

*NOTE C - ACTIVITIES OF THE PHA:*

At June 30, 20, the PHA was managing 60 units of low-rent public housing under FW-652 and a comprehensive improvement assistance program.

*NOTE D - CONTINGENCIES:*

The entity is subject to possible examinations by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refund by the entity to federal grantors and/or program beneficiaries.

*NOTE E - FIXED ASSETS:*

As noted in Note A, soft costs formerly capitalized have been written off and fixed assets are now depreciated on the straight-line method over their estimated useful lives as follows:

Site improvements	20 Years
Buildings	20 Years
Building improvements	10 Years
Non-dwelling structures	20 Years
Equipment	3-7 Years

Low Rent	Cost	Current Depreciation	Accumulated Depreciation	Net Asset Value
Land	\$ 40,290	-	-	\$ 40,290
Buildings	1,857,374	\$ 144,207	\$ 1,448,985	408,389
Furniture & Equipment	24,492	1,902	19,107	5,385
Leasehold Improvements	215,712	16,749	168,282	47,430
TOTAL	\$ 2,137,868	\$ 162,856	\$ 1,636,374	\$ 501,494

All land and building are encumbered by a Declaration of Trust in favor of the United States of America as security for obligations guaranteed by the government and to protect other interests of the government.

*NOTE F - LONG-TERM DEBT:*

Long-term debt owed to HUD or guaranteed and serviced by HUD has been reclassified to HUD equity accounts.

**Housing Authority of the Town of Cottonport  
Cottonport, Louisiana**

*NOTE G - RETIREMENT PLAN:*

None

*NOTE H - DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS:*

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and Investments

The carrying amount approximates fair value because of the short maturity of these instruments.

*NOTE I - USE OF ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS:*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*NOTE J - CONDUIT DEBT OBLIGATIONS:*

To provide for development and modernization of low rent housing units, the authority issued New Housing Authority Bonds and Permanent Notes – F.F.B. These bonds and notes are payable by HUD and secured by annual contributions. The bonds and notes do not constitute a debt by the authority and, accordingly, have been reclassified to HUD equity accounts.

*NOTE K - PRIOR PERIOD ADJUSTMENTS:*

None

*NOTE L - INTERFUND RECEIVABLES / PAYABLES:*

None

*NOTE M - COMPENSATED ABSENCES:*

At June 30, 2000, employees of the PHA have accumulated and vested \$2,065 of employee leave benefits, computed in accordance with GASB Codification Section C60. The balance at June 30, 2000 was \$2,065.



**The Housing Authority of the Town of Cottonport  
Cottonport, Louisiana  
Expenditures of Federal Awards  
As of June 30, 2000**

**SCHEDULE 1  
Page 1 of 1**

<i>U.S. Department of Housing CFDA # and Urban Development Direct Programs</i>	<i>Federal Award Expenditure</i>
14.850a Low Rent Public Housing	\$ 51,352
14.852 Public Housing-Comprehensive Improvement Assistance Program	527,987
 Total Federal Expenditures	 <u>\$ 579,339</u>

See notes to financial statements

**The Housing Authority of the Town of Cottonport  
Cottonport, Louisiana  
Combining Balance Sheet - All Funds  
As of June 30, 2000**

**SCHEDULE II  
Page 1 of 2**

<u>Assets</u>	<i>Low Rent</i>	<i>CIAP</i>	<i>Total</i>
<b>Current Assets:</b>			
Cash - Unrestricted	\$ 130,871		\$ 130,871
Total Cash	\$ 130,871	-	\$ 130,871
Accounts Receivable - Miscellaneous	\$ 19		\$ 19
Accounts Receivable - Tenants Dwelling Rents	712		712
Allowance for Doubtful Accounts - Dwelling Rents	(71)		(71)
Total Accounts Receivable, Net of Allowance	\$ 660	-	\$ 660
Investments - Unrestricted			\$ -
Prepaid Expenses and Other Assets	7,398		7,398
Inventories	15,299		15,299
Total Other Assets	\$ 22,697	-	\$ 22,697
Total Current Assets	\$ 154,228	-	\$ 154,228
<b>Noncurrent Assets:</b>			
Land	\$ 40,290		\$ 40,290
Buildings	1,857,374	\$ 729,730	2,587,104
Furniture, Equipment & Machinery - Dwellings	-	30,928	30,928
Furniture, Equipment & Machinery - Administration	24,492	18,677	43,169
Leasehold Improvements	215,712	69,117	284,829
Accumulated Depreciation	(1,636,374)	(1)	(1,636,375)
Total Fixed Assets, Net of Accumulated Depreciation	\$ 501,494	\$ 848,451	\$ 1,349,945
Total Noncurrent Assets	\$ 501,494	\$ 848,451	\$ 1,349,945
Total Assets	<u>\$ 655,722</u>	<u>\$ 848,451</u>	<u>\$ 1,504,173</u>

See notes to financial statements

**The Housing Authority of the Town of Cottonport  
Cottonport, Louisiana  
Combining Balance Sheet - All Funds  
As of June 30, 2000**

**SCHEDULE II  
Page 2 of 2**

**Liabilities and Equity**

**Current Liabilities:**

Accounts Payable < 90 Days			
Accrued Wage/Payroll Taxes Payable			
Accrued Compensated Absences	\$	2,065	\$ 2,065
Accounts Payable - HUD PHA Programs			-
Accounts Payable - Other Government		5,752	5,752
Tenant Security Deposits		4,840	4,840
Other Current Liabilities		411	411
Total Current Liabilities	\$	13,068	- \$ 13,068
 Total Noncurrent Liabilities	\$	-	- \$ -
 Total Liabilities	\$	13,068	- \$ 13,068

**Equity:**

Project Notes (HUD)	\$	-	\$ -
Long-term Debt - HUD Guaranteed			-
Net HUD PHA Contributions		500,252	\$ 848,451 1,348,703
Total Contributed Capital	\$	500,252	\$ 848,451 \$ 1,348,703
 Undesignated Fund Balance/Retained Earnings	\$	142,402	- \$ 142,402
 Total Equity	\$	642,654	\$ 848,451 \$ 1,491,105
 Total Liabilities and Equity	\$	655,722	\$ 848,451 \$ 1,504,173

See notes to financial statements

**The Housing Authority of the Town of Cottonport**  
**Cottonport, Louisiana**  
**Combining Statement of Revenue, Expenses, and Change in Equity - All Funds**  
**As of June 30, 2000**

SCHEDULE III

Page 1 of 2

	<i>Low Rent</i>	<i>Public Housing CIAP</i>	Total
Revenues:			
Net Tenant Rental Revenue	\$ 59,864		\$ 59,864
Net Tenant Revenue - Other	-		\$ -
Total Tenant Rental Revenue	\$ 59,864	\$ -	\$ 59,864
HUD PHA Grants	\$ 51,352	\$ 122,888	\$ 174,240
Investment Income - Unrestricted	1,982		1,982
Other Revenue	147,554		147,554
Total Other Revenue	\$ 200,888	\$ 122,888	\$ 323,776
Total Revenue	\$ 260,752	\$ 122,888	\$ 383,640
Operating Expenses:			
Administrative Salaries	\$ 27,480		\$ 27,480
Auditing Fees	1,600		1,600
Compensated Absences	841		841
Employee Benefit Contributions-Administrative	4,773		4,773
Other Operating - Administrative	11,321	\$ 21,499	32,820
Tenant Services	-		-
Water	125		125
Electricity	1,671		1,671
Gas	444		444
Other Utilities Expense	107		107
Ordinary Maintenance & Operations-Labor	30,404		30,404
Ordinary Maintenance & Operations-Materials	9,209		9,209
Ordinary Maintenance & Operations-Contract	11,382		11,382
Employee Benefit Contributions-Maintenance	5,381		5,381
Insurance Premiums	13,240		13,240
Other General Expenses	26,700		26,700
Extraordinary Maintenance	250		250
Payments in Lieu of Taxes	5,752		5,752
Bad Debt - Tenant Rents	241		241
Total Operating Expenses Before Depreciation	\$ 150,921	\$ 21,499	\$ 172,420

See notes to financial statements

**The Housing Authority of the Town of Cottonport**  
**Cottonport, Louisiana**  
**Combining Statement of Revenue, Expenses, and change in Equity - All Funds**  
**As of June 30, 2000**

SCHEDULE III  
Page 2 of 2

	<i>Low Rent</i>	<i>Public Housing CIAP</i>	Total
Excess Revenue Over Expenses Before Depreciation	\$ 109,831	\$ 101,389	\$ 211,220
Casualty Losses - Non-Capitalized			-
Depreciation Expense	162,856	1	162,857
Operating Transfers - In	101,388		101,388
Operating Transfers - Out		(101,388)	(101,388)
Net Operating Income (Loss) After Depreciation	<u>\$ 48,363</u>	<u>\$ -</u>	<u>\$ 48,363</u>
Beginning Equity @ 6/30/99	\$ 594,291	\$ 443,352	\$ 1,037,643
Net Operating Income (Loss) After Depreciation	48,363	-	48,363
Prior Period Adjustments	-	-	-
Capital Outlays		405,099	405,099
Ending Equity @ 6/30/00	<u>\$ 642,654</u>	<u>\$ 848,451</u>	<u>\$ 1,491,105</u>

See notes to financial statements

**WILLIAM DANIEL McCASKILL, CPA  
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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS**

Board of Commissioners  
Housing Authority of the Town of Cottonport  
Cottonport, Louisiana

I have audited the financial statements of the Housing Authority of the Town of Cottonport (PHA), as of and for the year ended June 30, 2000 and have issued my report thereon dated August 31, 2000. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Audit Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the PHA's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the PHA's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or cooperation of one or more of the internal control



components does not reduce to a relatively low level the risk that misstatements in the amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the audit committee, management, and for HUD. However, this report is a matter of public record and its distribution is not limited.



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William Daniel McCaskill, CPA  
A Professional Accounting Corporation

August 31, 2000

**WILLIAM DANIEL McCASKILL, CPA  
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**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Commissioners  
Housing Authority of the Town of Cottonport  
Cottonport, Louisiana

**Compliance**

I have audited the compliance of the Housing Authority of the Town of Cottonport (PHA) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2000. The PHA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the PHA's management. My responsibility is to express an opinion on the PHA's compliance based on my audit.

I conducted my audit of compliance in accordance with: generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular, Audits of States, Local Governments, and Non Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the PHA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the PHA's compliance with those requirements.

As described in item 2000-1 in the accompanying Schedule of Findings and Questioned Costs, the PHA did not comply with requirements regarding cash management that are applicable to its low income housing and CIAP programs. Compliance with such requirements is necessary, in my opinion, for the PHA to comply with requirements applicable to these programs.

In my opinion, except for the noncompliance described in the preceding paragraph, the PHA's complied, in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000.

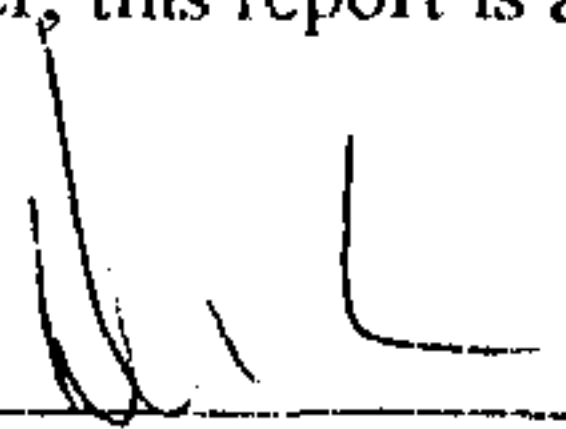
#### Internal Control Over Compliance

The management of the PHA is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the PHA's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

I noted certain matters involving the internal control over compliance and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in my judgment, could adversely affect the PHA's ability to administer a major program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as item 2000-1.

A material weakness is a condition in which the design or operation of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to material weaknesses. However, of the reportable conditions described above, I consider item 2000-1 to be a material weakness.

This report is intended for the information of the audit committee, management, and HUD. However, this report is a matter of public record and its distribution is not limited.



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William Daniel McCaskill, CPA  
A Professional Accounting Corporation

August 31, 2000

**Housing Authority of the Town of Cottonport  
Cottonport, Louisiana**

*SCHEDULE OF PRIOR FINDINGS*

There were no findings in the prior audit.

**Housing Authority of the Town of Cottonport  
Cottonport, Louisiana**

*SCHEDULE OF AUDIT ADJUSTING JOURNAL ENTRIES*

Account	Debit	Credit
Other Revenue	\$ 101,388	
Prior Period Adjustment		\$ 101,388
To correct the internet submission. The entries in the general ledger are recorded correctly.		



**Housing Authority of the Town of Cottonport  
Cottonport, Louisiana**

***SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS***

Per A-133, Section 505(d)

**1. Summary Schedule of Auditors Results:**

- i. The report includes an unqualified opinion on the financial statements.
- ii. There were no reportable conditions in internal controls found that are required to be disclosed at the financial statement level.
- iii. The audit disclosed no noncompliance that is material to the financial statements.
- iv. Reportable conditions in internal control over major programs were disclosed by the audit.
- v. The compliance report issued for major programs was qualified.
- vi. The report disclosed audit findings required to be reported under Section 510a of A-133.
- vii. All major programs have oversight by HUD and are identified as follows:

<u>CFDA#</u>	<u>Name of Program</u>
14.850a	Low-Rent Public Housing
14.852	Public Housing-Comprehensive Improvement Assistance Program

- viii. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
  - ix. The auditee was not considered a low risk auditee.
- 2. Finding relating to the financial statements required to be reported with GAGAS are as follows: NONE**
- 3. Findings and questioned costs for Federal awards as defined in A-133, Section 510a all with HUD oversight:**



**Housing Authority of the Town of Cottonport  
Cottonport, Louisiana**

***SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS  
(CONTINUED):***

**Finding 2000-1:**

1. Name of program: Low Rent Public Housing & CIAP  
Identification Number: FW-652  
CFDA Number: 14.850 and 14.852  
Federal Award Number and Year: 2000  
Name of Federal Agency: HUD  
Name of Pass Thru Entity: None
2. Criteria: the PHA must have funds in excess of \$100,000 in any one banking institution secured by a pledge of bank owned securities.
3. Condition: the PHA did not have funds in excess of \$100,000 at it's bank secured by pledged securities.
4. Amount of questioned costs: None
5. During the fiscal year, the PHA had bank balances as high as \$163,430. Eight of the twelve months of the fiscal year included bank balances in excess of \$100,000.
6. Effect: the PHA violated Federal regulation and State law by not having the excess deposits secured. The PHA was exposed in the amount in excess of \$100,000.
7. Recommendations to prevent future occurrences of the finding include having the bank pledge securities in appropriate amounts and deliver copies of these pledged securities reports to the PHA on a monthly basis.
8. PHA officials agree with this finding and complied the day after the auditor discovered this condition.

**Housing Authority of the Town of Cottonport  
Cottonport, Louisiana**

*SCHEDULE OF CORRECTIVE ACTION PLAN*

Our correction action plan is as follows:

Contact person responsible for action - Vanessa Waites

Anticipated completion date - The correction was made the day after the auditor discovered the mistake, on September 1, 2000.

Corrective action plan - We immediately had the bank pledge securities in an appropriate amount. Subsequently, the bank had delivered pledged securities reports to us.

AUDITOR'S NOTE – This unusual circumstance occurred because of a couple of understandable reasons. They are as follows:

1. This is the first year that the PHA has ever had bank balances in excess of \$100,000 and the PHA staff was unaware of the requirement.
2. Inquiry by me of the bank staff disclosed that the bank thought that the PHA was part of the city government and was covered by the securities pledged to the city. In fact, the bank first provided a pledged securities report for the city thinking they were in compliance.

The reader should understand that the PHA staff, as well as the bank staff, were extremely cooperative with this audit finding and we have confirmed that the correction was made the next day.